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SUBJECT: RUSSIA'S MILITARY MUSCLE-FLEXING

Classified By: Ambassador William J. Burns. Reasons 1.4 (b) and (d)

11. (C) Summary. Russia's recent steps to flex its military muscles are designed both to impress the Russian public in an election year that Putin has reestablished Russia as a major player on the world stage, and to underscore that Russia will no longer engage NATO and the West from a position of weakness. Putin's "2020" speech to Russia's State Council February 8 accused the "most developed countries" of starting a new arms race, and claimed Russia would invest the necessary resources to begin production of new weapons. While analysts are convinced that most of the Russian elite does not really view the U.S. or the West as enemies, the GOR is determined to show the public that it can back up its threatened reaction to U.S. missile defense deployments, failure to reach agreement on arms control issues, or crossing of Russia's NATO enlargement redlines. While Russia has quadrupled defense spending since 2001, to USD 31 billion per year, it still is only 2.7 percent of GDP. Moreover, inflation, inefficiency, corruption and, above all, Russia's lack of a modern strategic military doctrine and leaders to implement it continue to erode efforts to realize Putin's goal of modern, effective armed forces. End Summary.

12. (C) Russia has taken steps in recent months to "flex its military muscles," including resumption of heavy bomber flights, creation of a new "vacuum-bomb," fleet exercises in the Mediterranean and North Atlantic, and other demonstrations of military "might." Many experts, such as Aleksandr Golts, Deputy Editor-In-Chief of the Weekly Journal, Aleksandr Konovalov, Director of the Institute for Strategic Assessment, and Vladimir Mukhin of the Academy of Military Sciences, say these public efforts are mostly "PR-driven," designed to impress the Russian people that Putin has reestablished Russia as a major player on the global stage, and intended to highlight to the rest of the world that Russia will no longer let NATO and the West pursue their strategic efforts closer and closer to Russia's borders without Russian involvement or objection.

13. (C) Alexander Piekaiov of the Russian Academy of Sciences Institute of World Economy and International Relations noted that these activities were merely a return to much-needed training now that Russia's strong economy enables it to spend the necessary money on equipment, spare parts, and fuel. Prior to the resumption of these activities, the aging TU-95's ("Bear") had not flown regular bomber patrols in 15 years; Air Force pilots logged only 40 hours per month in flight training; and Naval seamen spent only 2-3 days per month at sea.

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Putin: "Russia Can Stand up for Itself"

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¶4. (U) In his February 8 "2020" speech, Putin said "finally, Russia has returned to the world stage as a strong state, a country that others heed and that can stand up for itself." He stressed that in response to "new challenges," Russia would begin production of new types of weapons, the quality of which would be "as good and in some cases even surpass those of other countries." He also emphasized that Russia would rethink its strategy on how the Armed Forces were organized, and work to improve the quality and reputation of military service.

¶5. (U) In early 2007, then-Defense Minister Sergei Ivanov announced an ambitious plan for 2007-2015 to spend USD 240 billion) to replace 45 percent of Russia's arsenal. Among the materiel to be procured or upgraded were:

- 31 ships for the Navy, including new aircraft carriers;
- arms for 40 tanks, 97 infantry and 50 airborne battalions;
- new TOPOL-M (SS-27) ICBMs;
- the Yarts land-based ballistic missile;
- the Bulava sea-launched ballistic missile;
- the X-102 airborne missile;
- a new version of the Iskander-M ballistic missile, capable of carrying multiple warheads;
- a fourth Borey-class strategic nuclear submarine (the first is scheduled to go into service after 2008);
- a new TU-160 Blackjack bomber, and modernization of existing TU-160 and TU-95 Bear bombers;
- a full fleet of new generation fighters by 2012-2015 (the SU-34 Fullback which is in production and scheduled to replace the SU-24 Fencer frontline bombers).
- deployment of a second S-400 air defense system near Moscow in 2008.

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The U.S. is Not the Enemy, but...  
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¶6. (C) Experts, such as Piekaiov and Ivan Safranchuk, Director of the World Security Institute, stress that, despite the strong public rhetoric and military muscle-flexing, most Russian leaders really do not view the United States as an enemy, but rather as a foil against which Russia can prove its status as a strategically important country. Safranchuk told us Russia's recent demonstrations of military power were rooted in its dissatisfaction with U.S. efforts to consult Russia or treat Russia as an equal partner. Additionally, Russia wanted more influence over world events.

¶7. (U) In his February 10 speech, Sergey Ivanov noted that in "occupying an appropriate place in world politics," Russia did not intend to establish military blocs or engage in open confrontation with its partners. He argued that Moscow and Washington had long shared "a special responsibility for the future of the world," and said this could "continue to serve as a firm basis unifying our nations."

¶8. (C) But, experts like Tatyana Parkhalina, Director of the Center For European Security, note that while Russia does not anticipate major confrontation with the West, it still helps bolster Putin's and his anointed successor Dmitriy Medvedev's election-year standing to demonstrate how Russia has "stood up" to perceived threats from the West. Portraying the U.S. and the West as adversaries also justifies the need for additional increases in defense spending, which are essential if Russia is to match reality to its intentions.

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Russia's Defense Spending  
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¶9. (U) The Soviet state budget listed military spending in 1988 as approximately USD 33 bn., but most experts speculated that the figure was 10 times higher. By 1997, Russian military spending had dropped to 1/7th of the listed 1988 figure. In keeping with Putin's demand for upgrade and

modernization of the military, the budget increased to almost USD \$8 bn in 2001, and by 2007 it had almost quadrupled to USD \$31 bn. Defense spending for 2008 is approximately USD 32.6 bn., and projected to increase to USD 36.67 bn. and USD 44.82 bn. in 2009 and 2010 respectively. Although the amounts have increased substantially, defense spending has remained at approximately 2.6-2.8 percent of GDP over the past six years. GOR officials frequently note that Russian defense spending constitutes only a fraction of U.S. outlays.

¶10. (C) The problem is that reality does not match the rhetoric, and that despite the influx of billions of dollars in the defense industry, it will be difficult for Russia to overcome the enormous obstacles facing it. Recent exercises point up the woeful state of Russia's current military hardware. Experts estimated that in 2005, 70-80 percent of Russian military equipment was obsolete. Konovalov said that there were currently only 16 TU-160's in actual operation, manufacture of the TU-160 engines ceased 15 years ago, and there were insufficient spare parts to keep the bombers in the skies for more than a few more months. Mukhin noted that for the recent naval operations in the Med and North Atlantic, Russia had to pull the 11 ships (seven of which were support vehicles) from its Black Sea, Baltic, and Northern fleets. He said these were likely the only ships the Navy could currently field, due to disrepair, parts and fuel issues (Viktor Litovkin, defense expert for the Independent Military Review, points out that one of the cruisers was the Maxim Gorky, which served as the meeting locale for President George H.W. Bush and Gorbachev in Malta on December 3, 1989). There had been no flight operations off the deck of the Kuznetsov, Russia's only aircraft carrier, because of the state of the ship and the lack of qualified carrier pilots.

¶11. (C) Mukhin and other experts have also highlighted that many weapons systems production have fallen behind schedule, are turning out poor quality equipment, or have major cost overruns. Two, rather than six, SU-34 aircraft were delivered in 2005; a battalion of Iskander-M missiles were to have been delivered in 2005 to the North Caucasus Military District, but only arrived in 2007; the Bulava submarine-launched missile, which was to have entered the Navy's regular inventory in 2008 has had only six tests, four of which failed, and one of which failed partially. Analytical weekly Kommersant Vlast reported that India's lease of a Chakra nuclear submarine was delayed from mid-August 2007 to June 2008 due to delays in construction at the Russian factory, and Russia raised the price from USD 650 million to USD 785 million. Delivery of re-equipped and updated aircraft carrier to India was put off from late-2008 to 2011-2012, and Russia added USD 1 billion to the USD 700 million price tag. Algeria reportedly suspended or canceled contracts for MIG aircraft due to poor quality of the first deliveries.

¶12. (C) Inflation has also eroded GOR efforts to bolster its forces. Mukhin notes that the defense budget share of GDP remained steady over the past few years, at approximately 2.7 percent, with inflation, which has been running close to 10 percent per year in the general economy (but which may be much higher -- possibly 20 percent -- in the defense industry) wiping out much of the real increase in spending. He said that while the Russian leadership had a clear, long-term plan for the renewal of military hardware, it had "no understanding of the need to increase real spending on defense."

¶13. (C) Another problem is the lack of subcontractors and skilled personnel able to carry out Russia's ambitious projects. Safranchuk explained that during the 90's' cutbacks in defense spending, many subcontractors went out of business or scaled back production lines dramatically due to lack of orders. Specialty and highly-skilled workers left for other fields. There is a major effort to bring production lines back into service, Safranchuk noted, but it will be several years before they are able to operate at the

necessary capacity. Similarly, there are efforts to increase technical training and provide incentives for young Russians to enter technical fields, but again it is a long-term process.

¶14. (C) Complicating all these efforts is the perennial problem of corruption. Defense Minister Serdyukov was given the task of stemming the apparent disappearance of millions of dollars of defense monies. According to most experts, he has made some progress and his restructuring of the Defense Ministry and introduction of accountants and financial experts has enabled him to get more control over where the money goes. Still, bribes and paybacks will continue to exist, but, as Safranchuk says, "at least now not all the money will disappear."

¶15. (C) Finally, Russia's lack of a clear strategic vision of what its future military should look like makes it difficult to develop a plan for its defense industry. While Russia continues to focus on its nuclear capability, its military is not adequately developing the types of modern conventional equipment and weaponry necessary to fight future wars. Litovkin noted that you needed a different military for different enemies and Russia did not know who its enemies were. While Russia did not really expect to fight a major war against NATO or the United States, it still felt the need to prepare for the eventuality (or against China), and its doctrine remains framed in Cold War concepts. Safranchuk agreed, saying that the main risk for Russia now was that wrong decisions were being made. Why was Russia developing a new version of the TU-160 strategic bomber, which in 15 years would likely be obsolete, he asked. While acknowledging that Russia also recognizes the need to develop the capability to fight an asymmetric, high-tech war or conduct counterterrorism or counterinsurgency operations, they noted that there was still skepticism in the senior military ranks as to where such a war would be fought. Furthermore, according to Mukhin, Russia seriously lacks modern communications, intelligence, and reconnaissance equipment, and is having serious problems with its efforts to develop GLONASS, its counterpart to GPS.

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¶16. (C) Barring an unlikely massive downturn in the economy, Russia will be able to increase and modernize its military capabilities. That said, what the military needs most of all -- leadership, new thinking and strategic vision -- are nowhere in sight. Selectively re-equipping and modernizing the Soviet-era military may look impressive but is unlikely to radically increase Russia's ability to deal with 21st Century challenges. Without a wholesale turnover in the uniformed military and defense industry's leaders, the focus will be backward-looking to Soviet times, leaving a real gap between Russia's political-military aspirations and capabilities.  
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